

EXECUTIVE CHAMBERS

HONOLULU

July 11, 2006

STATEMENT OF OBJECTIONS TO HOUSE BILL NO. 2692

Honorable Members
Twenty-Third Legislature
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, House Bill No. 2692, entitled "A Bill for an Act Relating to Public Works."

The purpose of this bill is to make projects financed by special purpose revenue bonds and housing projects financed through Section 201(H) subject to Chapter 104, Hawaii Revised Statutes, Hawaii's Wages and Hours of Employees on Public Works Law.

This bill is objectionable because it is likely to increase the actual costs of constructing projects using special purpose revenue bonds. Special purpose revenue bonds are used to build hospitals, schools, early childhood education centers, county pollution control projects and related works deemed to be in the best interests of the general public. Often it is non-profit organizations that seek special purpose revenue bonds to finance a new structure. This funding tool is used to lower interest costs of the financing for such projects. No taxpayer funds are used and taxpayers are not responsible for a default on the bonds.

While these projects may meet the narrow definition of public works projects, they do not meet the test of having a governmental organization responsible for the monitoring required to meet Chapter 104 applicability.

Subjecting these projects to Chapter 104 runs counter to the intent and spirit of using special purpose revenue bonds to help reduce expenses incurred by strictly private and non-profit entities and may actually act as a deterrent to using this

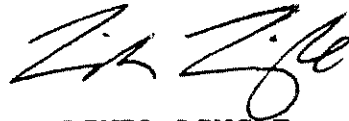
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financing mechanism and decrease the number of projects on behalf of the general community.

Additionally, this bill would place enforcement and monitoring functions on the Department of Labor and Industrial Relations without the commensurate resources to carry out these duties.

For the foregoing reasons, I am returning House Bill No. 2692 without my approval.

Respectfully,

A handwritten signature in black ink, appearing to read "Linda Lingle", written in a cursive style.

LINDA LINGLE
Governor of Hawaii